

### FUND OBJECTIVE

To achieve medium to long term capital appreciation through investments primarily in Malaysian bonds.

### FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	30.41 million units (31 May 2018)	Fund Size	RM39.59 million (31 May 2018)
Unit NAV	RM1.3016 (31 May 2018)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd	Benchmark	12 month FD
Taxation	8% of annual investment income	Fees	Management Fee: 1.0% p.a.
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> <li>Have a medium to long term investment horizon</li> <li>Want a diversified portfolio of fixed interest securities</li> <li>Are looking for a less volatile investment but can accept lower returns</li> </ul>		

### ASSET ALLOCATION OF THE FUND

Bonds/Debentures	Cash
80% - 98%	Up to 20%

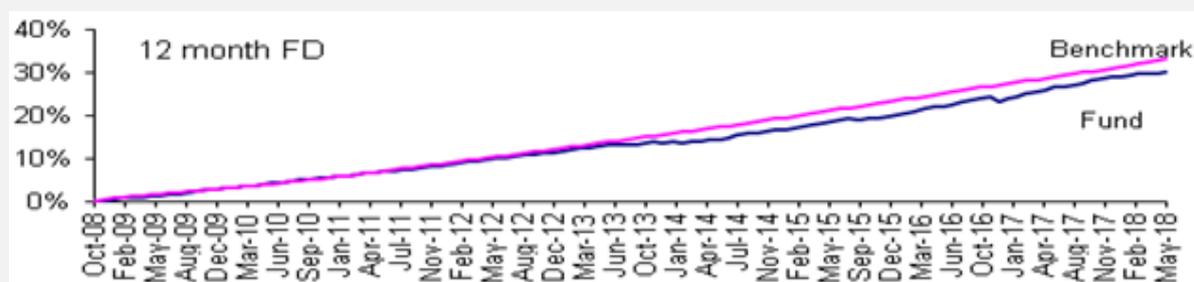
### SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
90.15%	6.30%	-	3.55%	100.00%

### TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
Jimah Energy Ventures	9.30%	11/21/2021	14.57	Sabah Development Bank MTN 1826D	5.30%	27/04/2023 – Tranche 17	6.41
Mumtaz Rakyat Sukuk Bhd	4.95%	18/06/2021	12.94	WCT Hldgs Bhd	5.32%	11/05/2022	6.37
MMC Corporation Berhad	5.95%	12/11/2027	12.84	WCT Hldgs Bhd	5.65%	20/04/2026	6.33
Fortune Premiere Sdn Bhd IMTN	4.65%	21/12/2022	12.77	YTL Power International Bhd	5.05%	03/05/2027	5.08
WCT Hldgs Bhd	5.55%	03/01/2025	6.46	GII Murabahah	4.07%	30/09/2026	3.75

## PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	0.74	0.06	0.19	0.95	2.80	9.65	30.16
<b>Benchmark</b>	1.34	0.27	0.81	1.59	3.13	9.87	33.20

\* Calculation of past performance is based on NAV-to-NAV

**Notice: Past performance of the fund is not an indication of its future performance which may differ. The fund performance is not guaranteed.**

## FUND MANAGER'S COMMENTS

The Fund's performance for the month of May 2018 was 0.06%, compared to the benchmark return of 0.27%.

In May-18, the MGS yield curve bear steepened with yields on the long-end of the curve widened by 9 to 16bps compared to the short-end of the yield curve, which only widened by 3 - 6bps. Notably, the 20-year yield curve moved up 16bps ahead of a new 20-year auction in June. Existing holders might be looking to switch out for better liquidity. During the month, the benchmark 3-, 5- 10-, 15- and 30-year MGS yields close at 3.64%, 3.84%, 4.20%, 4.60% and 4.93% respectively.

Foreign investors reduced their holdings in Malaysian bonds by RM4.69bn in April, after an increase in prior month. YTD April-18, foreigners net sold RM1.29bn of Malaysian bonds. The decrease in foreign holdings in was mainly attributed to a decrease across short-term bills, MGII and MGS, with MGS outflow estimated at RM3.12bn. This is most likely due to 10y UST breaching 3% in the same month. As of April 2018, total foreign holdings in MGS were marginally higher at RM162.80bn, representing about 44.3% of outstanding MGS. Prior to GE14, government bond auctions in May-18 were very well supported with yields already adjusted higher following higher UST. However, post GE14, market turned quit even for popular tenors such as 10-year and 5-year government bond auction.

On fixed income strategy, the fund will remain invested in corporate bonds with strong fundamentals. The fund may increase exposure in benchmark government bond securities as valuation has turned fair/rewarding. The fund may also hold cash temporarily while waiting for new credit supply (where credit spreads are better) or buy from secondary market when liquidity and bid/ask spreads improve. Lastly, we expect Bank Negara Malaysia to hold policy rate unchanged at 3.25% for the rest of 2018.

Source : CIMB-Principal Asset Management Bhd

Date : 31 May 2018

### Disclaimer:

The benchmark performance is not a guide to future performances which may differ. The performance of the fund is not guaranteed. The value of the fund will fluctuate and may fall below the amount of premiums paid and the fund value depends on the actual performance of the underlying investment. This material is for information purposes only and is subject to change at any time without notice. Sun Life Malaysia does not guarantee its accuracy, completeness, correctness or timeliness for any purpose or reason. This information should not be considered as advice or recommendation in relation to your account or particular investment objectives, financial situation or needs. You may not revise, transform, or build upon this material without prior written consent of Sun Life Malaysia. Before acting on any information you should seek independent financial advice.